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DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: HUMAN SETTLEMENTS

Living conditions of the Palestinian people in the occupied Palestinian territory

Note by the Secretary-General

In its resolution 44/174 of 19 December 1989, entitled "Living conditions of the Palestinian people in the occupied Palestinian territory", the General Assembly took note of the study annexed to the note of the Secretary-General concerning the infrastructure needs of the Palestinian people (A/44/534), requested the Secretary-General to assure the preparation of the comprehensive study on the economy of the occupied Palestinian territory and requested him to report to the Assembly at its forty-sixth session, through the Economic and Social Council, on the progress made in the implementation of the resolution. The report annexed to the present note is submitted in pursuance of that request.

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* A/46/50.

ANNEX

Report on living conditions of the Palestinian people in the occupied Palestinian territory

INTRODUCTION

1. The present document, prepared pursuant to paragraphs 6 and 7 of General Assembly resolution 44/174 of 19 December 1989 on the living conditions of the Palestinian people in the occupied Palestinian territory, reports on progress made in the preparation of a comprehensive study on the economy of the occupied Palestinian territory referred to in that resolution.

2. The study is intended to be an action-oriented, intersectoral analysis of the problems and prospects of the Palestinian economy, bearing in mind the alarm expressed in the above-mentioned resolution at the deterioration, as a result of the Israeli occupation, in the living conditions of the Palestinian people in the Palestinian occupied territory, and the growing need for an integrated approach to deal with the problems being encountered by the Palestinian people in reviving their economy and ensuring its sustained growth.

3. The design of the study in terms of substantive scope and orientation, as depicted in the outline annexed to the present report, takes into account the provision of Trade and Development Board resolution 239 (XXIII) of 9 October 1981, referred to in General Assembly resolution 44/174, in which the Board specifically called for the preparation of a comprehensive and in-depth assessment of the economy of the occupied Palestinian territory, an elaborate analysis of the potentials for its development in various sectors and the formulation of proposals for alternative development strategies. Accordingly, the study, entitled "The West Bank and Gaza Strip: Prospects for sustained development", will encompass the following three parts:

Part One. An assessment of the economic and social situation in the occupied Palestinian territory

4. This part constitutes a thorough examination of the economic and social situation of the Palestinian people in the West Bank and Gaza Strip during the past 24 years of Israeli occupation. In particular, it is intended to evaluate growth and development trends at the aggregate and sectoral levels. Attention will be focused on the growing impact of measures imposed by the occupation authorities on the Palestinian economy since 1967. It will assess the immediate outlook for the economy, taking into consideration the socio-economic implications of the Palestinian uprising and of the recent developments in the region affecting the economic and social situation of the Palestinian people in the occupied Palestinian territory.

5. The examination in part one is aimed at highlighting the main characteristics of the structural transformation of the Palestinian economy in the occupied territory and its performance since 1967, identifying the

impediments to its growth and development, and examining feasible measures needed for its immediate revival. Special attention will be given to the urgent needs of the economy in the wake of the Palestinian uprising and the recent developments in the region.

Part Two: Prospects for the future

6. Based on the analysis and findings under part one and bearing in mind growth and development expectations and potentials of the Palestinian people, part two of the study will attempt at discerning probable future patterns of growth of the Palestinian economy and working out their implications for feasible strategies and policy options. The approach to be followed is based on a macroeconomic analysis of resource availabilities and uses. Given the limited data available, emphasis will be placed on ascertaining, through parametric exercises, the internal consistencies among major aggregates by investigating resources gaps - with particular emphasis on savings and investments, foreign trade and employment gaps. At the sectoral level, an attempt will be made to examine such consistencies in leading sectors by looking into the sectoral composition of output, as well as employment and resource (physical, human and financial) availabilities and needs.

7. The examination of the aggregate and sectoral consistencies will be extended under varying assumptions to consider alternative scenarios, including one for an independent and self-reliant Palestinian economy. This will entail identifying different growth and development objectives, priorities, targets and policy options at both the aggregate and sectoral levels within a specified time-frame and in line with the socio-economic needs and potentials of an evolving future Palestinian society. Particular attention will be given to those sectors and areas of production in which the economy of the territory would clearly demonstrate comparative advantages and provide possibilities for promoting external complementarities.

Part Three. A substantive framework for the sustained growth and development of the Palestinian economy in the 1990s

8. Based on the results of the investigations and the conclusions reached under parts one and two, part three will deal with the formulation of a consolidated substantive framework for the growth and development of the Palestinian economy into the year 2000. The framework will outline strategy guidelines and policy options for action at various levels.

9. In line with the work plan for the preparation of the study, the secretariat of the United Nations Conference on Trade and Development (UNCTAD) has embarked upon a number of activities. Within the overall substantive scope of the study, a total of 25 sectors, subsectors and issues have been identified for in-depth investigation leading to the preparation of specific studies. These cover the following subjects:

1. Population and demography

2. Public administration

3. Aggregate economic and social performance

4. Labour, employment and human resources

5. Money and banking

6. Public finance

7. Agriculture

8. Manufacturing industries

9. Mining and quarrying

10. Energy resources and development needs

11. Public utilities

12. Housing and construction

13. Israeli settlements

14. Merchandise trade

15. Services

16. Transport and communications

17. Education system

18. Public health conditions and services

19. Social welfare services

20. Women in development

21. International assistance

22. Socio-economic statistics

23. Water resources

24. Dynamics of social change

25. Tourism and related activities.

10. Detailed outlines were developed for the preparation of specific studies on each of the above subjects. The outlines of the studies are structured in such a manner as to correspond to the three parts of the general outline of the overall intersectoral study iteself. They are particularly designed to

provide for: (a) an analysis and assessment of economic and social developments over the past 24 years of occupation; (b) an investigation of prospects for the future; and (c) the formulation of a frame of reference for feasible strategies, policy options and measures for action. Accordingly, 27 experts have been commissioned to prepare these studies. A team of senior development experts has also been engaged to assist the UNCTAD secretariat in the evaluation and review of the individual studies and in investigating prospects for the future development of the occupied Palestinian territory.

11. The outlines of the specific studies were also brought to the attention of the relevant organizations of the United Nations system with a view to coordinating efforts and soliciting their observations and possible contributions. These include the Food and Agriculture Organization of the United Nations (FAO), the United Nations Industrial Development Organization (UNIDO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO), the International Labour Organisation (ILO), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the United Nations Centre for Human Settlements (Habitat) and the United Nations Development Programme (UNDP), as well as the Department of International Economic and Social Affairs (DIESA), the Department of Technical Cooperation for Development (DTCD), the Centre for Social Development and Humanitarian Affairs - Division for the Advancement of Women (CSDHA) and the United Nations Economic and Social Commission for Western Asia (ESCWA). All these agencies, programmes and secretariat departments have responded positively indicating their willingness to cooperate in the preparation of the intersectoral study; the majority of them have also provided UNCTAD with their substantive contributions to the preparation of the intersectoral study by reflecting on the overall outline of the intersectoral study itself and the detailed outlines of the respective specific studies of interest to them and by providing material as input to these studies. UNDP, through the logistical support provided by its Programme of Assistance to the Palestinian People, has offered to facilitate the task of the UNCTAD secretariat in undertaking these specific studies.

12. Similar contacts were established with regional Arab and other organizations involved in providing assistance to the Palestinian people. These included the Fund for International Development of the Organization of Petroleum-Exporting Countries, the Arab Organization for Agricultural Development, the Arab Organization for Mining and Industrial Development, the Islamic Development Bank, and the Arab Fund for Economic and Social Development, as well as the General Secretariat of the League of Arab States. The Arab Organization for Mining and Industrial Development and the OPEC Fund for International Development also made financial contributions. These contributions have been applied to the investigation of sectors/issues of relevance to the concerns of the contributing agencies. The Economic and Social Council of the League of Arab States has also earmarked a sum to assist in the financing of specific activities of the project.

13. In view of the positive and encouraging responses received from both international and regional organizations, the UNCTAD secretariat will endeavour to benefit from their expertise and to promote further cooperation

with each one of them towards the completion of the intersectoral study, thus providing an integrated framework which will aim at effectively guiding the nature, magnitude and direction of international assistance to the Palestinian people and enhancing its effectiveness.

14. The UNCTAD secretariat has also held consultations on the study with relevant government authorities in Egypt and Jordan. Consultations were also held with representatives of Palestine. One of the objectives behind these consultations has been to identify areas of complementarities between the economies of the region and that of the occupied Palestinian territory and to investigate possibilities of exploiting and promoting such complementarities for the mutual benefit of all concerned. The Secretary-General of UNCTAD is in contact with the Israeli authorities with the view to holding similar consultations on the subject.

15. Parallel to embarking on the preparation of the in-depth studies on specific sectors/issues, the UNCTAD secretariat has also intensified work on the development of its database on the economy of the occupied Palestinian territory. This was intended, inter alia, to provide an adequate common basis for meeting the quantitative needs of the intersectoral study in general and of the specific studies in particular. This entailed identification of reliable data sources, followed by the classification of available data in accordance with the system of Economic Time Series (ETS) in use at the UNCTAD secretariat, the entry of the data for the period 1968-1990 into the computer system, including verification and tabulation, covering such series as national accounts, balance of payments, external merchandise trade, population, labour and employment. Accordingly, a fully computerized statistical base on the economy of the occupied Palestinian territory has been established covering the West Bank and Gaza Strip separately and combined. In addition to serving as a consolidated set of statistical series on the Palestinian economy, covering over 20 years of occupation, the new set of statistics also provides the basis for work under way at present in the UNCTAD secretariat on assessing future prospects for the Palestinian economy.

16. Accordingly, and applying the statistical series so established, the UNCTAD secretariat has initiatied work on developing a conceptual/analytical framework which will provide technical guidelines for investigating, under different scenarios, future prospects in each of the economic and social fields where specific studies are being prepared. Upon the completion of this framework and the finalization of part one of the specific studies, a meeting of the experts involved in the preparation of these studies will be convened to examine and adopt the guidelines so established, thus providing a common basis for the experts to investigate future prospects in parts two and three of their respective studies. The major findings emerging from the specific studies will be subsequently consolidated into a substantive frame of reference outlining immediate problems and needs, growth and development prospects, strategies and policy options for action at various levels. In view of the recent crisis in the region and the difficulties encountered in commencing the preparation of the intersectoral study, work on the project is now expected to be completed during the first semester of 1992 with the final report and other related documentation appearing soon thereafter.

Annex

THE WEST BANK AND GAZA STRIP: PROSPECTS FOR SUSTAINED ECONOMIC DEVELOPMENT

(Provisional outline)

INTRODUCTION (including objective, scope, definitions and methodology)

Part One

AN ASSESSMENT OF ECONOMIC AND SOCIAL SITUATION IN THE OCCUPIED PALESTINIAN TERRITORY: IMPACT OF PROLONGED OCCUPATION AND THE IMMEDIATE OUTLOOK

Chapter I. Salient features of the occupied Palestinian territory

- A. Area, topography, population and demographic characteristics
- B. Economic and social structures
- C. Public administration setting: executive, legislative and judicial systems

Chapter II. Aggregate economic performance: with particular reference to developments since the Palestinian uprising

- A. Structure and level of output
- B. Income and consumption
- C. Pattern and level of savings and investments
- D. Trade and payments
- E. Labour and employment

Chapter III. Resource availability and use

- A. Natural resources
  - 1. Land and water, including land tenure and water rights
  - 2. Forest, livestock and fisheries
  - 3. Minerals
  - 4. Others

B. Human resources

1. Labour and employment situation: by gender and sccio-economic sectors (formal and informal)

2. Development of skills: fields and types of training both institutional and on the job

3. Degree of labour absorption and technology mix

4. Economic and social consequences of migration

5. Other related factors

6. Women in development

C. Financial resources

1. The monetary, banking and financial system, including insurance (structure and performance)

2. Public finance

a. Revenues (sources, structure and performance)

b. Expenditures (current and development)

3. External resources

a. Factor income

b. Unrequited transfers (private and official)

Chapter IV. Sectoral performance and constraints

A. Agriculture

1. Relative importance of agriculture in the Palestinian economy: sources of output (land, livestock, forests and fisheries)

2. Food consumption and nutritional status of the Palestinian people: aspects of food security

3. Structure and pattern of output by major branches: aspects of agricultural policy

a. Crops: changes in crop area, yield and composition and their underlying causes (e.g., land use, cropping intensity and irrigation, crop yield and the use of modern farm inputs, cropping patterns and changes in the relative share of low- and high-valued crops)

b. Livestock and fisheries: production pattern and immediate prospects and needs

c. Agricultural output and the immediate potential for food processing industries

4. Land tenure and water rights, farm organization, finance (private and public sources) manpower (male and female), technology, energy, infrastructures (physical and institutional) and related supporting services as well as factors affecting their availability, efficient allocation and management

5. Agriculture and rural employment and income situation

6. Channels of distribution - access to markets

a. Domestic

b. External

7. Policies and support measures affecting agricultural performance (prices, subsidies, wages, technology, markets, financial resources, infrastructures, etc.)

8. Prospects for the immediate revival of the agriculture sector

B. Industry

1. Relative importance of industry in the Palestinian economy

2. Manufacturing

a. Structure, raw materials, and orientation of output and consumption

b. Labour and employment, fixed and working capital financing, institutional requisites (including technical and managerial capacities and needs), sources of raw materials, etc., and factors affecting their availability and efficient use

c. Wages and productivity, including technology choice and dependency

d. Size and orientation of markets (internal and external), including subcontracting and competition with Israeli industrial products and prospects for import substitution and export promotion in markets of both developed and developing countries

e. Constraints affecting the growth and development of manufacturing and consideration of remedial measures for immediate revival

3. Mining and quarrying

a. Role and structure of the mineral industry

b. Capital, labour and infrastructures (physical, institutional and human resources), needs and immediate prospects

4. Energy (role and sources, supply/demand situation and outlook, environmental factors, technical and institutional capacities, financial and human resources needs and immediate prospects)

C. Construction

1. Housing

a. Prevailing situation

b. Urban and rural residential needs: demographic considerations

2. Public works and other non-residential constructions

3. Capital, manpower, raw material and infrastructural (both physical and institutional) requisites and constraints: immediate prospects

D. Physical infrastructures

1. Spatial planning and environmental considerations (urban, rural and regional)

2. Surface, sea and air transportation systems

3. Other physical infrastructures

E. Israeli settlements and their implications (geographic, demographic, economic, social, cultural and others)

F. Trade and services

1. Trade

a. Internal

b. External (exports/imports)

2. Other services

a. Transport and communication networks

b. Tourism

c. Professional and other private services

Chapter V. The role of social and welfare services in Palestinian economic development

A. Education: formal and informal (by gender, level, type and field)

B. Health services: with emphasis on the growing impact of occupation and the concomitant recent developments on the health of specifically vulnerable categories of population such as women, children, youth, handicapped and aged

C. Social welfare services

Chapter VI. Main findings and conclusions: outlook for the immediate revival of the Palestinian economy

Part Two

PROSPECTS FOR THE FUTURE

Chapter I. The dynamics of growth and development of the Palestinian economy: an examination of the needs and potentials of the economy under varying premises over a medium-term period

A. Internal consistencies: alternative scenarios

1. Major aggregates (resources gaps, trade gap and employment gap)

2. Leading sectors (composition of output and resources)

B. Growth objectives, priorities and targets

Chapter II. Contribution of agriculture: objectives, strategies and policy options

A. Objectives

B. Strategies and policy considerations

1. Structure, pattern of output and food security: possibilities for upgrading nutritional status of the Palestinian people in the territory including rural poverty alleviation

2. Comparative advantage: feasible options

   a. Emphasis on fruit plantation

   b. Horticulture versus staple food production

   c. Livestock production (including fisheries)

   d. Links with agro-based industries

3. Agricultural output, regional complementarities and possibilities for entry into new markets

4. Efficiency and productivity in agriculture (including ownership, farm organization, production relations, wages, prices and subsidies)

5. Agriculture and employment opportunities (including rural development dimension)

6. Agricultural development and resource needs

   a. Land and water

   b. Investments (magnitudes and types including equipment and inputs)

   c. Human resources (including technical, managerial and entrepreneurial skills)

7. Infrastructural needs

   a. Physical (including spatial and environmental considerations)

   b. Institutional (including administrative, legal, credit, marketing, research and development, cooperatives, extension services, training and other requisites)

C. Potentials for agricultural development and policy considerations

Chapter III. Contribution of industry: objectives, strategies and policy options

A. Objectives

B. Strategies and policy options

1. Sectoral composition, structure and size

a. Industrial base and potential for restructuring (including prospects for backward/forward linkages in both traditional and modern manufacturing industries, labour (by gender) and technology mix, energy and other such considerations)

b. Prospects for agro-based and main traditional industries

c. Natural resources exploitation - mining and quarrying

d. Other industries

2. Complementarities and interdependence

a. Market potential (demand considerations, including export promotion and import substitution prospects)

b. Economies of scale (internal and external)

c. Industrial zoning and joint ventures

d. Free trade area (costs and benefits)

e. The dynamics of comparative advantage (involving traditional products and technological innovation in new areas of manufacturing)

3. Industrial labour force - in the formal and informal sectors

a. Composition: by branch, gender and age

b. Wages and productivity

c. Human resources development and needs (including technical and managerial skills)

4. Investment strategy

a. Directly productive activities (consumer and capital goods)

b. Social over-head capital and external economies

c. Rural versus urban industrial development

d. Industrial development and environmental considerations

e. Entrepreneurship and inducement mechanisms, including the provision of technical, managerial and other forms of support services

5. Infrastructural requisites

a. Physical (including industrial zoning)

b. Institutional capacities (including quality control, standardization and R and D)

c. Financing industrial development

C. A synthesis of opportunities for the development of Palestinian industry

Chapter IV. The role of trade and services

A. Trade: objectives, strategies and prerequisites

1. Internal

2. External (regional, developed market economy countries, developing countries and socialist countries)

B. Services: objectives, strategies and prerequisites (transport and communication, tourism, finance, and others)

Chapter V. Infrastructure and social and welfare services: objectives and strategies

A. Transport and communication infrastructures: surface, air and sea transport links including railroad, airport and seaport facilities

B. Public utilities (including water, electricity, public transport, PTT, etc.)

C. Housing (including infrastructure needs and related basic services)

D. Education (formal and informal)

E. Health

F. Welfare services

G. Public administration network (including legislative and judicial systems at the central and local levels): the dynamics of an emerging society

H. Role of local non-governmental organizations and "participatory development" programmes

Chapter VI. Resources mobilization: objectives and strategies

A. Energy resources

1. Sources

2. Supply and demand situation - medium- to long-term prospects

3. Investment requirements - infrastructures

4. Institutional and manpower requirements

B. Human resources

1. Population, labour force and employment opportunities (a supply and demand analysis and forecast by gender)

2. Size and scope of technical, managerial and other skills

3. Entrepreneurship and development needs

4. Wages and productivity (an examination into labour versus capital intensive approaches to development)

5. Labour service exports - economic and social implications

6. Manpower development needs: role of formal and informal education and training programmes

7. The role of women in Palestinian economic and social development

C. Financial resources

1. Savings and investments (capital formation versus aggregate and sectoral rates of growth)

2. Domestic finance

a. Public finance (central and local authorities)

- Revenues (tax and non-tax)

- Expenditures (current and development)

b. Private finance

c. Money and banking (including the role of a central monetary authority)

d. Role of specialized development finance institutions

3. Resource gap

4. External financial flows

a. Factor income and remittances

b. Grants and loans

D. Assessment of international assistance (including substantive and institutional considerations - short- and long-term perspectives)

Part Three

A SUBSTANTIVE FRAMEWORK FOR THE SUSTAINED GROWTH AND DEVELOPMENT OF THE PALESTINIAN ECONOMY INTO THE 1990s

Chapter I. Development objectives and priorities: medium- and long-term perspectives

Chapter II. Strategy considerations: options

Chapter III. Policy guidelines: overall and sectoral